DEBT POSITION.

16. A statement of assets and liabilities is furnished on pages 12 and 13 of the Budget Estimates. It will be seen therefrom that our liabilities at the close of 1120 including the balances at the credit of some of the Funds such as the General Reserve Fund, the Revenue Reserve Fund and the Post War Reconstruction Fund, which are not repayable at call will aggregate Rs. 17·17 crores. Against this liability our assets including the outlay on our productive schemes amount to Rs. 17·56 crores, which is Rs. 39 lakhs in excess of the liabilities. It may however be mentioned that the above assets do not include the out-lay on the Kodayar Project Scheme and on non-productive capital schemes. If these are also taken into account the total assets would exceed the liabilities by more than Rs. 2·84 crores. Our debt position may therefore be considered as satisfactory.

WAYS AND MEANS.

17. The final accounts of 1118 have resulted in a cash balance of Rs. 114·57 lakhs. Including the receipt of Rs. 35·63 lakhs from short-term deposits in Banks and the loan amount of Rs. 205·36 lakhs, the transactions during the current year under Revenue, Capital and Debt heads will result in a net receipt of Rs. 89·88 lakhs The year is therefore expected to close with a cash balance of Rs. 204·45 lakhs. The several transactions during the next year are estimated to result in a net withdrawal of Rs. 22·83 lakhs, thus reducing the balance to Rs. 181·62 lakhs. As such a large balance may not be necessary to carry on the day to day transactions of Government, including the food Grains Purchase programme, it is proposed to invest Rs 50 lakhs in short term deposits in Banks. We will thus have at the end of the next year a cash balance of Rs. 131·62 lakhs and Short term deposits in Banks to the extent of Rs. 50 lakhs besides other safe and fluid investments in gilt-edged securities and gold *aggregating Rs. 190 lakhs.* The cash position will therefore be as strong as ever.

THE PAST DECADE—A RETROSPECT.

18. Before concluding, I seek your indulgence, Sir, for a few minutes more, so that I may present to the House a brief survey of the financial progress of the State during the past decade.

Due to the general and special remissions of land tax sanctioned by Government, the revenue for 1110 was only Rs. 227 lakhs. Since then, it began to rise steadily and exceeded the 2½ crore mark in 1112 as a result of the special receipt on account of the refund by the British Government of the duty on Jaffna Tobacco pooled for division in the apportionment of the Cochin Harbour receipts in previous years. During the succeeding three years, our revenues were more or less keeping up this level. In 1116 the revenue exceeded Rs. 2¾ crores mainly on account of the adjustment in that year's accounts of the receipts from the Cochin Harbour Scheme for two years. From 1117 onwards there has been a steady increase from Rs. 314 lakhs in 1117

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[Mr. S. Narayana Aiyar.]

to Rs. 398 lakhs in 1118 and still further to Rs. 489 lakhs in the current year. The revenue for the next year is expected to exceed Rs. 5½ crores which is the highest on record.

On a review of the receipts under the principal heads of revenue, it is seen that Customs revenue had been progressing steadily from Rs. 42·48 lakhs in 1110 to Rs. 54·24 lakhs in 1117. Due to high prices of our commercial crops, brought about by the war, and the imposition of new export duties and revision of tariff values, the revenue is expected to reach the level of Rs. 74·39 lakhs in 1119. The anticipated decrease of a lakh in 1120 is under Excise duty on Matches. Excise revenue which was almost stationary at about Rs. 47 lakhs from 1110 to 1117, rose from Rs 59·4 lakhs in 1118 to Rs. 71·34 lakhs in 1119. It is expected to stand at Rs. 98·20 lakhs in 1120 as a result of the favourable results of the recent auction sales brought about by the greater spending power of the labouring classes and the consequent increased consumption of country-made liquor. Land Revenue which is more or less of a fixed character had however been fluctuating from 1110 to 1115 due to remissions on account of seasonal conditions. From 1116 onwards it has been almost stationary at Rs. 43 lakhs, the small increase in 1117 having been due to the collection of the accumulated arrears of previous years. Salt Revenue increased from Rs. 22·11 lakhs in 1110 to Rs. 24 71 lakhs in 1117 as a result mainly of the increased consumption of the commodity. Stamps and Registration revenues which stood at Rs. 27·51 lakhs declined to Rs. 24·78 lakhs in 1116. Since then, they rose to Rs. 50·82 lakhs in 1118 due to the phenomenal increase in the volume of transactions relating to investments on lands etc. as a result of the large surplus money in the country derived from the sale of commercial crops, war contracts etc. The revenue from these sources shows slight signs of decline and is expected to stand at Rs. 50 lakhs in 1120. Forest revenue which was Rs. 13·46 lakhs in 1110 rose to Rs. 14·97 lakhs in 1115. Owing to larger sales of timber and higher prices fetched therefor, the revenue steadly rose to Rs. 31·80 lakhs in 1118 and it is expected to stand at Rs. 50 lakhs in the current and ensuing years. Due to the revision of rates of income-tax, the imposition of super-tax and tax on agricultural income and larger profits realised by trade and industry, the revenue from Taxes on income has risen steadily from Rs. 5·22 lakhs in 1110 to Rs 75 lakhs in 1119. With the imposition of the excess profits tax, the revenue in 1120 is expected to stand at Rs. 98·50 lakhs. The net receipt from the Electrical department, which stood at Rs. 3·2 lakhs in 1117 is expected to amount to Rs. 13·86 lakhs in 1120 and with the further development of the Pallivasal Hydro-Electric Scheme to its fullest extent, the scheme is expected to yield a fairly good return.

With the normal expansion of the activities of the several departments, the expenditure of the State has also been growing from year to year. From Rs. 231 lakhs in 1110, it rose to Rs. 295 lakhs in 1118 and is expected to stand at Rs. 364 lakhs at the close of the current year. The increase is marked under Interest

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charges, Education, Medical and Public Hsalth, P. W. D. and the Army. Interest charges have increased from Rs. 7 lakhs in 1110 to Rs. 19 lakhs in 1119, due to the increase in the Savings Bank and other deposit balances and also due to the interest on the 3½ per cent. Loan—1956. Education expenditure has risen from Rs. 47 lakhs in 1110 to Rs. 54 lakhs in 1118 and still further to Rs. 60 lakhs in 1119 to keep pace with the normal growth of the department and on account of the inauguration of the University of Travancore and also the payment of war allowance to the staff including teachers in aided Primary Schools. 'Medical and Public Health' shows an increase of Rs. 6 lakhs in the decennium, P. W. D. expenditure which was Rs. 30 lakhs in 1110 has risen to Rs. 44 lakhs in 1119, as a result of the increased expenditure on works and maintenance, due mainly to the high prices of materials and increased cost of labour as a result of the war. Army expenditure which was Rs. 6 lakhs in 1110 has increased to Rs. 22 lakhs in 1119 on account of the increase in the strength of the Force, the payment of Indian Army rates of pay to the personnel of the Army serving outside the State, and increased expenditure under equipment and clothing due to the high prices ruling in the market.

19. The House will note from what I have just been stating that the era of deficits, which began with the slump of 1106 showed signs of recuperation in 1112 and it was possible in that year to set apart Rs. 12 lakhs as a reserve fund to be drawn upon to meet unforeseen expenditure in lean years. The strength thus gained was only short-lived and the deficits during the succeeding 3 years were kept at a minimum by adopting precautionary measures to reduce expenditure and increase revenue. The year 1116 which closed with a revenue surplus of Rs. 6·63 lakhs was followed by years of surpluses which amounted to Rs. 38 lakhs in 1117, Rs. 103 lakhs in 1118 and Rs. 125 lakhs estimated for 1119, in spite of increased expenditure on account of the grant of war allowance to subordinates and the general revision of pay. These surpluses have been credited either to the Revenue Reserve Fund or the Post-war Reconstruction Fund in view of the possible reverses which may have to be faced after the war.

20. Though we had financed during the period from 1110 to 1119 capital schemes, both productive and non-productive, to the extent of Rs. 568 lakhs and our food purchase programme of Rs. 13 crores besides discharging the 5 per cent. Loan of Rs. 14·75 lakhs, our borrowings in the open market amounted only to B. Rs. 350 lakhs, the balance of the expenditure having been met from the resources available with Government. I may therefore assure the House that we are in an unassailably sound financial position.

21. Sir, I have attempted to give the House, as best as I could, a general review of the state of our finances, present as well as prospective for the next year. The task of budgeting, difficult as it is even under normal circumstances, is all the more so under the present conditions and would have been difficult of accomplishment, but for

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your kind guidance and far-seeing vision, inspired by an illustrious Sovereign, whose sole pre-occupation is the well-being of His subjects. Before I conclude, let me thank you, Sir, for your very able directions and invaluable assistance in my attempt to discharge my duty.

PRESIDENT: The House will now adjourn and meet again at 2 P. M.

The House adjourned at 12·50 P. M. and re-assembled at 2 P. M. with the Dewan-President in the Chair.

Mr. H. J. Todd, C. I. E., President for the Madras States, Mrs. Todd, and Mr. T. M. Krishnaswami Aiyar, Chief Justice, were seated on the dais.

The President spoke as follows :—

PRESIDENT:

Mr. Resident and fellow-members of the Legislature,—

In pursuance of the usual procedure it now devolves upon me to place before the members of the two Houses my remarks and statements on the budget proposals for the coming year and also it is my duty to make a review of the post-war problems of the State of Travancore and the plans they have before them in order to implement those problems. But, before I proceed to essay my proper task, it is my pleasant duty to tender my congratulations, as President of the two Houses, to the newly-elected and nominated members of the two Houses. It will be the object of the Government, and of me, as the President, to work in the fullest possible amity and co-operation with the Legislature exactly as in the past, and I trust we can look forward to a similar meed of co-operation and conjoint work in the future.

We have, before us, the financial statement and the budget proposals framed by the present Financial Secretary. At the outset, I may say that speaking for myself, and, I have no doubt, speaking on behalf of this joint sitting, he deserves congratulations for a lucid, careful and well-designed budget. I am very glad to say that he has done his task worthily. His predecessor Mr. A. Lakshminarayana Aiyar, whom we have recently lost, was a man of exceptional ability and of remarkable integrity. He was a man in whom the Government placed the utmost reliance. Behind a quiet exterior, he hid a strength of purpose and definiteness of outlook which made his proposals of the utmost value to the Government. We derived great assistance indeed in our financial transactions from Mr. Lakshminarayana Aiyar and especially in the matter of the promulgation and the implementing of the agricultural income-tax.

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